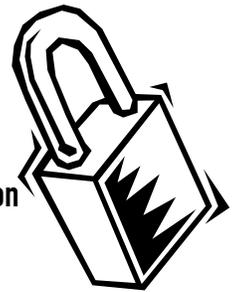
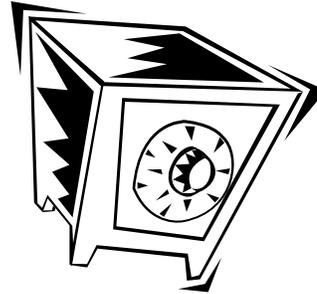


Section 7. Consumer Fact Sheets

Financial Services Education Series

The following fact sheets are part of a continuing series of materials on financial education.

1. Fact Sheet – Now, Three Ways to Receive Your Federal Government Payments
2. Fact Sheet – Now, Four Ways to Receive Your Federal Government Payments
(available in AL, AR, FL, GA, KY, MO, NC and TN)
3. Fact Sheet – Direct Deposit Saves Time
4. Fact Sheet – Electronic Transfer Account — ETASM
5. Fact Sheet – The Benefit Security[®] Card
6. Fact Sheet – Choosing a Financial Institution
7. Fact Sheet – Choosing a Deposit Account
8. Fact Sheet – Using Deposit Accounts
9. Fact Sheet – Automated Teller Machines (ATMs)
10. Fact Sheet – Debit Cards
11. Fact Sheet – Keeping Track of Your Electronic Transactions
12. Fact Sheet – Understanding Electronic Products and Services at Your Financial Institution
13. Fact Sheet – Frequently Asked Questions
14. Fact Sheet – Glossary



If educators are interested in obtaining additional copies of any of the listed fact sheets, please contact:

Name: _____

Organization: _____

Address: _____

City: _____ State: _____ ZIP: _____

Phone: _____ FAX: _____

E-mail Address: _____

THE FACTS: Now, Three Ways to Receive Your Federal Government Payments

You need to know that you have choices for how you get your Federal payment.

Is there a change in how I can get my Federal payment?

Yes. Recently, a law was passed that said the Federal Government would make most of its payments electronically beginning January 2, 1999. What does that mean for you? It means that you have choices about how you get your Federal payment. These payments include:

- Social Security
- Supplemental Security Income (SSI)
- Veterans Benefits
- Civil Service Payments
- Railroad Retirement Payments
- Military Retirement Payments
- Federal Salary and Wage Payments

What do I need to know about this change?

You need to know that you have choices for how you get your Federal payment. Here are your choices.

1. **Sign up for Direct Deposit.**

Direct Deposit means that your Federal payment is automatically put into your checking, share draft (a credit union account) or savings account, or an ETASM – Electronic Transfer Account.

There is no paper check to wait for or to deposit at the bank. Your money goes right into your account. You can sign up for Direct Deposit at your bank, savings and loan, or credit union. Direct Deposit is a simple, safe and secure way to get your money. There should be no charge for Direct Deposit.

2. **Open an Electronic Transfer Account (ETA).**

An ETA is a new federally insured account that you can open at a bank, savings and loan, or credit union that shows the ETA logo. An ETA is a low-cost account for people who do not have or do not want a checking or savings account. Opening an ETA means that your Federal payment will be deposited automatically into your account. To find out where you can open an ETA, call 1-888-382-3311 (TDD: 1-877-326-5833), toll-free, or visit our Web site at www.eta-find.gov.

3. **Get your check in the mail.**

You can get your Federal payment by check if getting your payment by Direct Deposit or an ETA would cause you a hardship.

Here are the reasons you can get a check:

- If you do not speak or read English
- If it would cost you more to use Direct Deposit or an ETA
- If you live where using Direct Deposit or an ETA would be difficult
- If you have a physical or mental disability that would make it hard to use Direct Deposit or an ETA.

If you do not sign up for Direct Deposit or an ETA, you will receive your benefits by check.

Remember, your payment will be made on time, every time, no matter how you choose to get your payment.

Who can I call for more information?

You can call the Federal agency that pays you for more information about your choices. The toll-free telephone numbers for some agencies are listed below.

Social Security

1-800-772-1213

(For Social Security and Supplemental Security Income (SSI) Payments)

Veterans Affairs

1-877-838-2778

(For Veterans Payments)

Office of Personnel Management

1-888-767-6738

(For Civil Service Salary or Retirement Payments)

Railroad Retirement Board

1-800-808-0772

(For Railroad Retirement Payments)

Call this number for your local Railroad Retirement Board office

Developed by the Financial Services Education Coalition:

AARP	Federal Trade Commission	U.S. Department of Agriculture
American Bankers Association	Independent Community Bankers of America	Cooperative State Research, Education and Extension Service
Call For Action, Inc.	National Association of Federal Credit Unions	U.S. Department of the Treasury
Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Now, Four Ways to Receive Your Federal Government Payments

Available for Residents of
Alabama, Arkansas, Florida,
Georgia, Kentucky, Missouri,
North Carolina and Tennessee

Is there a change in how I can get my Federal payment?

Yes. Recently, a law was passed that said the Federal Government would make most of its payments electronically beginning January 2, 1999. What does that mean for you? It means that you have choices about how you get your Federal payment. These payments include:

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- Military Retirement Payments
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What do I need to know about this change?

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You need to know that you have choices for how you get your Federal payment.

1. **Sign up for Direct Deposit.** Direct Deposit means that your Federal payment is automatically put into your checking, share draft (a credit union account) or savings account, or an ETASM – Electronic Transfer Account. There is no paper check to wait for or to deposit at the bank. Your money goes right into your account. You can sign up for Direct Deposit at your bank, savings and loan, or credit union. Direct Deposit is a simple, safe and secure way to get your money. There should be no charge for Direct Deposit.
2. **Open an Electronic Transfer Account (ETA).** An ETA is a new federally insured account that you can open at a bank, savings and loan, or credit union that shows the ETA sign. An ETA is a low-cost account for people who do not have or do not want a checking or savings account. Opening an ETA means that your Federal payment will be deposited automatically into your account. To

find out where you can open an ETA, call 1-888-382-3311 (TDD: 1-877-326-5833), toll-free, or visit our Web site at *www.eta-find.gov*.

3. **Sign up for the Benefit Security® Card.**

The Benefit Security Card gives recipients in Alabama, Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina and Tennessee the additional choice of receiving their Federal payments, state benefit payments or both on a single debit card.

4. **Get your check in the mail.** You can get your Federal payment by check if getting your payment by Direct Deposit, an ETA or a Benefit Security Card would cause you a hardship. Here are the reasons you can get a check:

- If you do not speak or read English
- If it would cost you more to use Direct Deposit, an ETA or a Benefit Security Card
- If you live where using Direct Deposit, an ETA or a Benefit Security Card would be difficult

- If you have a physical or mental disability that would make it hard to use Direct Deposit, an ETA or a Benefit Security Card.

If you do not sign up for Direct Deposit, an ETA or the Benefit Security Card, you will receive your benefits by check.

Remember, your payment will be made on time, every time, no matter how you choose to get your payment.

Who can I call for more information?

You can call the Federal agency that pays you for more information about your choices. The toll-free telephone numbers for some agencies are listed below.

Social Security

1-800-772-1213

(For Social Security and Supplemental Security Income (SSI) Payments)

Veterans Affairs

1-877-838-2778

(For Veterans Payments)

Office of Personnel Management

1-888-767-6738

(For Civil Service Salary or Retirement Payments)

Railroad Retirement Board**1-800-808-0772***(For Railroad Retirement Payments)*

Call this number for your local
Railroad Retirement Board office

To learn more about the Benefit
Security Card, or to sign up for it,
call your state's toll-free Customer
Service Help Line number, listed
below:

Alabama	1-800-720-9670
Arkansas	1-800-720-9670
Florida	1-888-356-3281
Georgia	1-888-356-3281
Kentucky	1-800-720-9670
Missouri	1-800-720-9670
North Carolina	1-888-622-7328
Tennessee	1-800-720-9670

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Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Direct Deposit Saves Time

What is Direct Deposit?

Direct Deposit is the electronic transfer of your paycheck, benefit check or other payment into your checking, share draft or savings account, or an ETASM — Electronic Transfer Account. Instead of receiving a check in the mail and taking it to your financial institution, you can rest assured that your money is in your account. The money is available to you the morning of the payment date.

Direct Deposit offers these benefits:

Direct Deposit is the electronic transfer of your paycheck, benefit check or other payment into your checking, share draft, savings account or ETA.

Convenience: No more special trips to your institution to deposit your check — a nice feature if you are busy, ill, away from home, located far from a branch or in a place where parking is hard to find.

Reliability: You no longer need to wait for your check to arrive in the mail. Your money will always be in your account on time. If you move without changing financial institutions, you will not have to wait for your check to catch up with you.

Security: You do not have to worry about lost, stolen or misplaced checks.

Flexibility: If you decide to switch accounts or institutions, it is easy to change your Direct Deposit arrangements. Simply contact your institution and the agency or organization that issues your payment. Both will have forms for you to fill out to make it easy.

What types of payments can be made by Direct Deposit?

- Benefit checks from the Federal government, such as Social Security, Supplemental Security Income (SSI), Railroad Retirement, Veterans benefits and Civil Service Retirement payments
- Federal and State Income Tax Refunds
- Benefit checks issued by state governments, including retirement and unemployment
- Paychecks from your employer
- Pension payments
- Income from investments

Will my money be safe?

Your money is protected. Government agencies have rules to protect you in case of an error. The Social Security Administration has used Direct Deposit since 1976 and has never lost a payment. Plus, your money is protected up to \$100,000 per depositor if it is deposited in a federally insured institution.

Direct Deposit is more confidential than getting a check because fewer people are involved in the process.

If you miss the deadline, your institution does not have to investigate the problem.

Once you contact the institution, it has:

- Ten business days to investigate the problem
- One business day to correct the error after finding it
- Three business days to tell you the results of the investigation

How can I avoid problems?

Keep track of deposits and withdrawals. Compare them with your statement. Immediately contact your institution if you find an error. For an error involving Direct Deposit, an Automated Teller Machine (ATM) deposit or withdrawal, you have 60 days from the date your statement was mailed to contact your institution.

There is an exception:

If the money in question is returned to your account within 10 business days of when you notified the institution of the error, the institution can take up to 45 days to investigate. If no error is found, the institution may take back the money in question if it sends you a written explanation.

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Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Electronic Transfer Account — ETASM



The Electronic Transfer Account (ETASM) is a new low-cost account you can open at a federally insured bank, savings and loan, or credit union where you see the ETA logo.

What is an Electronic Transfer Account?

The Electronic Transfer Account (ETASM) is a new low-cost account you can open at a federally insured bank, savings and loan, or credit union where you see the ETA logo. The ETA was designed by the U.S. Department of the Treasury, primarily for Federal recipients who do not have checking or savings accounts, regardless of prior credit history.

The ETA is not a checking account and anyone who receives Social Security, Supplemental Security Income (SSI), Veterans Benefits, Railroad Retirement, Civil Service Salary or Retirement, or Military Retirement can open an ETA. Once you open an ETA, your payment will go right into your account — on time, every time. There is no check to worry about. You can take money out of your ETA the same day it goes into your account.

Why should I open an ETA?

An ETA costs you \$3.00 a month or less. For this service charge, you'll enjoy the safety, security and ease of having your check deposited directly to your account, plus the following features:

- Your ETA is federally insured.
- You can take money out of your ETA at least four (4) times a month. Your bank, savings and loan, or credit union will tell you whether you can get your money from a teller, an Automated Teller Machine (ATM) or both. Your ETA provider will tell you which ATMs provide free withdrawals. If you use ATMs at certain locations, it may cost extra.
- You don't need to keep a minimum balance in your account, unless the law requires it.
- You will get a monthly statement listing all deposits and withdrawals.

Other services provided may have additional costs, and you'll be told about them before you sign up for an ETA. If you have questions about the ETA, ask a teller or customer service representative at a bank, savings and loan, or credit union where you see the ETA logo displayed.

To find out where you can open an ETA, call **1-888-382-3311**, toll-free, or visit our Web site on the Internet at ***www.eta-find.gov***. People who are deaf or hard of hearing can call TDD: **1-877-326-5833**.

What if I have questions about my Federal government payment?

Call the agency that pays you:

Social Security

1-800-772-1213

(For Social Security and Supplemental Security Income (SSI) Payments)

Veterans Affairs

1-877-838-2778

(For Veterans Payments)

Office of Personnel Management

1-888-767-6738

(For Civil Service Salary or Retirement Payments)

Railroad Retirement Board

1-800-808-0772

(For Railroad Retirement Payments)

Call this number for your local Railroad Retirement Board office

Remember, to find out more about the ETA, talk to someone at a bank, savings and loan, or credit union. To find out more about your Federal Government payment, call the agency that pays you.

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Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: The Benefit Security® Card



**A Safe and Convenient
Way to Receive Your
Federal Payments.**

Available for Residents of Alabama, Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina and Tennessee

Use the Benefit Security Card to receive your Federal payments, state benefit payments or both instead of receiving checks. You can use the Benefit Security Card to withdraw your Federal payments at Automated Teller Machines (ATMs). You can also use it to make Point-Of-Sale (POS) purchases at participating grocery stores and other places where you shop.

Who can get a Benefit Security Card?

Anyone who does not have a bank account and receives a check for one of the following types of payments can get the Benefit Security Card.

- Social Security
- Supplemental Security Income (SSI)
- Veterans Benefits
- Civil Service Payments
- Railroad Retirement Payments
- Military Retirement Payments

How does it work?

When you sign up for the Benefit Security Card, your Federal payment will be deposited in an account set up just for you. Use your Benefit Security Card to make purchases or withdraw cash.

What are the advantages?

- Safer than receiving checks
- One card for Federal and state benefits
- No account needed to enroll
- No minimum balance required
- Can be used to make purchases or withdraw cash
- Receipts given every time you use the card
- Customer Service representative available 24 hours a day.

How do I sign up for a Benefit Security Card?

Signing up for a Benefit Security Card is easy. Just call your state's Customer Service Help Line number listed on this fact sheet. A customer service representative will help you.

How much does it cost?

- **Account Fee:** You pay no

account fees for the first two months you have the card. Beginning the third month, an account fee of \$1.92 will be automatically deducted from your account each month.

- **Transaction Fee:** Each month, one cash withdrawal, or transaction, is free. Your account will be charged 85¢ by the card issuer for each additional withdrawal during the month. You will not be charged a transaction fee if you use your card to make a purchase or if you make a purchase and get cash back.
- **Surcharge:** Some ATMs and stores charge a surcharge, which is a fee for using your card at those locations. Before you use your card, look for ATMs or stores that have low or no surcharges.

Security Card at ATMs where you see the Quest® Mark or HONOR® Mark. At stores, look for the Quest® Mark.

What if I have a checking or savings account?

If you have a checking or savings account, you can sign up for Direct Deposit. Contact your local bank, savings and loan, or credit union for information.

What If I have a problem?

Call the Customer Service Help Line number listed below for your state. This call is toll-free:

Alabama	1-800-720-9670
Arkansas	1-800-720-9670
Florida	1-888-356-3281
Georgia	1-888-421-3281
Kentucky	1-800-720-9670
Missouri	1-800-720-9670
North Carolina	1-888-622-7328
Tennessee	1-800-720-9670

Where can I use the Benefit Security Card?

- Use the Benefit Security Card at banks and stores where you live.
- You can use your Benefit

Quest® is a registered service mark of the National Automated Clearing House Association in coordination with the National EBT Council. All Rights Reserved. Benefit Security® Card is a registered service mark of the U.S. Department of the Treasury. All Rights Reserved.

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American Bankers Association	Independent Community Bankers of America	Cooperative State Research, Education and Extension Service
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Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Choosing a Financial Institution

What are financial institutions?

Financial institutions are businesses that offer services such as checking and savings accounts, car loans, home mortgages, credit cards, and retirement and investment services. There are several types of financial institutions: banks, savings and loan associations and credit unions. Many of these institutions offer the same services.

Banks, savings and loan associations (S&Ls), and credit unions are businesses that operate under Federal and state laws. They are closely regulated so your money is safe.

Banks and savings and loan associations (S&Ls) are businesses that operate under Federal and state laws. They are closely regulated so your money is safe. They offer loans, credit cards, safe deposit boxes, investment services, and checking accounts, savings accounts and other types of accounts insured by the Federal government.

Credit unions are not-for-profit, member-owned cooperatives that operate under Federal or state laws. They serve members who have something in common, such as working for the same employer,

belonging to the same group or living in the same community. They are closely regulated so your money is safe. Most credit unions offer loans, credit cards, checking (share draft) accounts, savings (share) accounts and other accounts insured by the Federal government.

Many other businesses, including post offices, grocery stores, wire services, finance companies, pawn shops and check cashing outlets, sell money orders and cash checks. Check cashing may be free or for a fee. A few states regulate fees charged by check cashing outlets and wire services. There are no regulations for check cashing fees charged by other businesses.

Why should I keep my money in a financial institution?

Safety. The money you deposit in an institution is safe from theft, loss and fire. Keeping your money in an account is safer than keeping cash at home or carrying cash with you. In most cases, money in your account is protected by Federal insurance.

Compare what it costs you to cash checks and buy money orders for a typical month to the monthly cost of accounts offered in your area.

Convenience. You can get your money quickly and easily. Institutions provide different ways for you to get your money. You can withdraw cash at a teller's window, a drive-up window, an Automated Teller Machine (ATM) or by cashing a personal check.

Cost. Keeping your money in a financial institution and using the services it provides is often cheaper than using other businesses to cash checks or buy money orders. Check cashing for account holders is usually free. Using a checking account can cost less than buying a lot of money orders. Compare what it costs you to cash checks and buy money orders for a typical month to the monthly cost of accounts offered in your area.

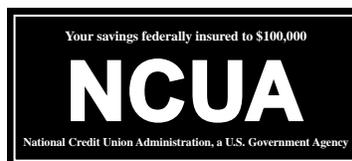
Security. In a federally insured institution, your money is generally protected by Federal insurance up to \$100,000 for each depositor. Most banks and savings and loans are insured by the Federal Deposit Insurance Corporation (FDIC). Credit unions are usually insured

through the National Credit Union Administration. There are some financial institutions that are not federally insured. Federally insured institutions must display one of the logos shown at the bottom of this page.

Other Financial Industry

Products. In addition to checking accounts and savings accounts, most financial institutions offer a variety of other products and services that you may want or need. For example, a car dealer or your landlord might want a check that guarantees payment. For a fee, a certified check is written on your account and then is "guaranteed" by the institution. If you do not have an account, for a fee you can get a cashier's check or teller's check that serves the same purpose.

You can borrow money from your financial institution if you have a good credit history. Financial institutions offer a wide variety of loans and other forms of credit. Use credit wisely. Avoid getting into too much debt.



Financial institutions may offer investment products and services. You do not need to have an account with the institution to get many of these services. The people selling investments (stocks, bonds and mutual funds) may not be employees of the institution. They must tell you if an investment is not insured. The right investment for you depends on your needs, goals and how much risk you are willing to take. **Never invest in something that you do not understand.**

You can also buy and redeem United States Savings Bonds at many financial institutions (commercial banks and credit unions). For further information about U.S. Savings Bonds, contact the Bureau of Public Debt, Savings Bond Operation Office, Parkersburg, WV 26106-1328 (or on the internet • <www.publicdebt.treas.gov/sav/sav.htm>).

How do I choose an institution?

Shop and compare. This checklist may help you decide which institution is right for you.

- Does it offer services I need?
- Is it close to home?
- Does it have reasonable hours?
- Does it have ATMs? If so, are they located near where I live, work or shop?
- Am I eligible to join a credit union?
- Do any employees speak my language?
- What kind of identification is required to open an account?
- What, if any, fees will I be charged?

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Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
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THE FACTS: Choosing a Deposit Account



Ask for a list of fees and limits before you open any account.

What are the most common types of accounts?

Most people have savings, share draft or checking accounts. Some financial institutions require that you have a minimum amount of money in these accounts to avoid fees or earn interest. Ask for a list of fees and limits before you open any account. An account may be set up for use by one or more people. Check with your institution about the best option for your situation.

Savings Accounts

There are several types of savings accounts. Credit unions call these share accounts. All pay interest (dividends) on your money. Most include an Automated Teller Machine (ATM) card that lets you deposit and withdraw money from your account. You do not need much money to open a savings account — five dollars is all it takes at some institutions. The advantage of a savings account is that you can deposit small amounts of money and watch your savings grow.

Passbook or statement savings accounts — offered by most

institutions — are easy to use. You can deposit money into your account at the teller window, at your ATM, by mail or by Direct Deposit. You can take money out of your account by using a withdrawal slip or an ATM card. There may be limits on the number of transfers you can make, such as moving money from one account to another or paying bills by telephone.

With a passbook savings account, all of your transactions (deposits and withdrawals), fees and interest earned, are recorded in a small booklet called a passbook. Take your passbook to the institution when you want to make a deposit, a withdrawal, or to find out how much interest you have earned. The teller will print the transaction, interest earned and your new balance in the passbook.

With a statement savings account, you get a statement, usually quarterly, that lists your transactions and interest earned during that period. Keep track of your deposits and withdrawals so you can

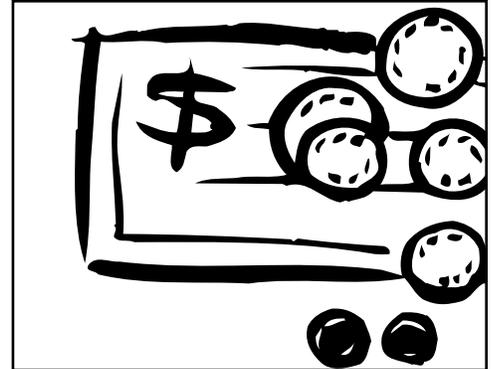
compare them to your statement. Contact your institution immediately if you find an error.

Club and other special purpose accounts let you save money for a specific purpose, such as the holidays or a vacation. Interest rates on these accounts are generally lower than on other types of savings accounts.

Certificates of Deposit (CDs) are another savings choice. Credit unions call CDs share certificates. In exchange for leaving your money in an institution for a set period of time (such as one, two or five years), you may earn a higher rate of interest than on a regular savings account. In fact, the longer you promise to keep your money in a CD, the higher the interest rate may be. Think about your needs before opening a CD. You will pay a penalty if you withdraw your money early.

Checking Accounts

A checking account is useful if you would rather pay your bills by check instead of with cash, credit cards or money orders. Credit unions call these share draft accounts. There are different types



A checking account is useful if you would rather pay your bills by check instead of cash, credit cards or money orders.

of checking accounts. All let you withdraw money from your account by writing checks. Many come with ATM and/or debit cards. Some accounts pay interest.

What are the most common types of checking accounts?

A regular checking account lets you write checks to make payments. Depending on the account, you may be able to write an unlimited number of checks without a charge, or you may be charged a fee each time you write a check. Money may not earn interest in a regular checking account. Many institutions offer free accounts for senior citizens.

Interest checking accounts pay interest and let you write as many checks as you want. Usually you

must keep a minimum balance in your account. If you do not, you will pay fees and may lose some interest. Banks and savings and loan associations sometimes call these NOW accounts.

Special accounts, such as “basic” or “no frills” checking accounts, are offered by many institutions. They have restrictions, but cost less than other accounts. They usually limit the number of checks you can write each month, and the number of deposits and withdrawals you can make during a specific period of time. In addition, these accounts usually do not pay interest.

With a checking account, your institution will send you a statement on a regular basis, usually monthly, that shows:

- The amounts deposited into your account and the dates
- The amount of interest earned on your account, if this applies
- The amounts paid out of your account from checks and withdrawals
- Any fees you were charged

Your statement may also include canceled checks. With some accounts, canceled checks are not returned, but copies can be obtained for a fee.

How do I choose a deposit account?

Think about your needs. Most people want a checking account to pay bills and to deposit paychecks, government benefit checks and other money. A savings account can be used to set aside money. Use a savings account to save for emergencies or for a special purchase, such as a TV, car or down payment on a home. Ask the following questions:

- How much money do I need to open the account?
- How much do I have to keep in my account to avoid fees?
- What is the monthly service charge?
- What are the fees for bounced checks?
- How many checks can I write before extra fees are charged?

- Will canceled checks be returned to me? If not, how much does it cost to get a copy?
- How many withdrawals can I make each month?
- Does this account pay interest? What is the rate?
- Does an ATM or debit card come with this account?
- Will I be charged a fee to use the ATM or debit card at this institution?
- Will I be charged an additional fee to use the ATM or debit card at another institution?
- Are there other fees?

How do I open an account?

Once you have decided which deposit account best meets your needs, you are ready to open one. You will need to share certain information about yourself with the institution, such as your name, address, phone number and Social Security number. Some institutions will ask you to fill out forms with

You will need to sign a signature card or a computer pad so your signature will be on file.

Account Holder Name (s): _____ Reporting SSN/TIN: _____ Mailing Address: _____ City, State, ZIP Code: _____ Telephone Number: _____ BUS: _____ Number of Signatures Required: _____ CIF Number: _____	
Signatures of Authorized Individuals	Account Type/Account Number
1x	A
2x	B
3x	C
4x	D

Figure 1: Sample Signature Card

this information; others may enter it directly into a computer. You will also need to show picture identification.

You will need to sign a signature card (see Figure 1) or a computer pad so your signature will be on file. Your institution will use this signature to verify that you — and not someone else — have signed

your signature on future deposits and withdrawals. Some institutions may ask for a thumb print as well to make sure no one else can withdraw money from your account. Signing the signature card means that you agree to all the fees, terms and conditions of the account.

Developed by the Financial Services Education Coalition:

AARP	Federal Trade Commission	U.S. Department of Agriculture
American Bankers Association	Independent Community Bankers of America	Cooperative State Research, Education and Extension Service
Call For Action, Inc.	National Association of Federal Credit Unions	U.S. Department of the Treasury
Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Using Deposit Accounts

Once you have endorsed your check, it is as good as cash. Because anyone can sign his or her name under yours and get the cash, it is important that you wait to endorse your check until you want to cash it.

How do I cash a check?

You must endorse a check to cash it. On the back left end of the check, sign your name in the space provided exactly as it appears on the front of the check. If your name is not spelled correctly or a different version of your name is used, sign again the way you usually sign your name. Keep your endorsement (see Figure 1) within the top one-third of your check, above the line stamped on the back.

signature, write “Pay to the order of” and the person’s name.

How do I open an account?

Once you have decided which deposit account best meets your needs, you are ready to open one. You will need to share certain information with the financial institution, such as your name, address, phone number and Social Security number. Some institutions will ask you to fill out forms with this information, although others may enter it directly into a computer. You will also need to show picture identification.

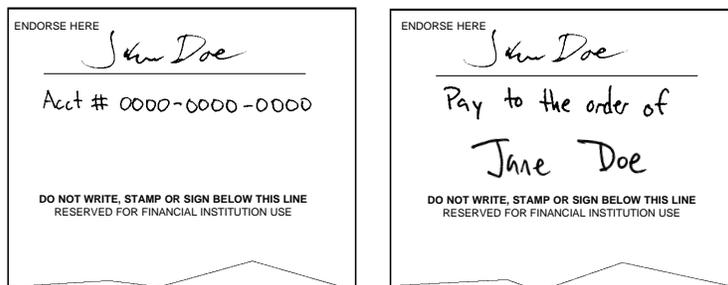


Figure 1: Endorsed Checks

Once you have endorsed your check, it is as good as cash. Because anyone can sign his or her name under yours and get the cash, it is important that you wait to endorse your check until you want to cash it. If you want to sign your check over to someone else, after your

You will need to sign a signature card (see Figure 2) or a computer pad so your signature will be on file. Your institution will use this to verify that you, and not someone else, have signed your signature on deposits and withdrawals. Some institutions may request your thumb print, as well, to make sure others cannot withdraw money from your account. Signing the signature card means that you agree to all the fees, terms and conditions of the account.

Your institution will use a signature card like this one to verify that you, and not someone else, have signed your signature on deposits and withdrawals. Some institutions may request your thumb print, as well, to make sure others cannot withdraw money from your account.

Account Holder Name (s): _____ Reporting SSN/TIN: _____ Mailing Address: _____ City, State, ZIP Code: _____ Telephone Number: _____ BUS: _____ Number of Signatures Required: _____ CIF Number: _____	
Signatures of Authorized Individuals	Account Type/Account Number
1x	A
2x	B
3x	C
4x	D

Figure 2: Sample Signature Card

When you open a checking account, the institution will ask you to choose the type of check and checkbook you want to use. Compare prices. Fancier styles may be more attractive, but are rarely worth the extra cost.

A checking account is useful if you would rather pay your bills by check instead of cash, credit cards or money orders.

Printed checks usually include your name and address. You can often add other information to your checks for free, such as your phone or driver's license number. **Do not include your Social Security number on your checks.**

The institution will give you a set of starter checks to use until your printed checks arrive in the mail.

You do not have to order your checks from your institution; mail-order companies offer checks that may cost less.

How do I write a check?

Writing checks properly guarantees that the right amount of money goes to the right person. Follow these guidelines to make it more difficult for someone to alter your check (see Figure 3). Preventing problems is much easier than trying to fix them later.

Always use ink to write checks. Record the current date on the top line of the check. Writing the check

John B. Doe (555) 555-5555 1234 America St. American Town, US 10000	Date <u>July 4, 1998</u>	100
Pay to the Order of <u>XYZ Hardware</u>	\$ <u>25.80</u>	
<u>Twenty-five and 80/100</u>		Dollars
Financial Institution 123 Elm Street Any Town, USA 10000	<u>John Doe</u>	
MEMO <u>garden tools</u>		
0000000000 0000000000 0000		

Figure 3: Properly Written Check

for a future date — postdating — will not stop someone from cashing it before then. Avoid returned check fees — never write a check unless you have money in your account to cover it.

Next to “Pay to the Order of,” put the name of the person or company who is to receive the check. Start writing as far to the left as you can. Fill the space completely! If the name is not long enough, draw a line after it to fill the rest of the space. Using initials makes it easier for someone to alter your check. For example, a check made out to “IRS” could easily be changed to “I. R. Smith” and then cashed.

Next to and as close as you can get to the dollar sign (\$), write the

amount of the check in numbers, such as “25.80.” Many checks have a box for this. On the next line, write the amount in words; for example, “Twenty-five and 80/100.” Again, fill the space completely. If the amount written in numbers is different from the amount written in words, your institution will cash the check for the amount written in words.

Sign the check on the bottom line on the right side of the check. If you want, write the reason for writing this check in the space provided on the bottom left side of the check, where it says “Memo.” Once you have written your check, record the check number, the date, the name of the person or company to whom the check is written and the amount in your checkbook register.

Deposit Ticket		
John B. Doe (555) 555-5555 1234 America Street American Town, US 10000		
DATE	July 8, 1998	
Financial Institution 123 Elm Street Any Town, USA 10000		
Currency ▶	220	00
Coin ▶		25
Checks ▶	225	25
Total ▶	445	50
Less Cash Received ▶	-45	50
Total Amount to be Deposited	400.00	
000000000	0000000000	0000

Figure 4: Sample Deposit Slip

If you make your deposit in person at your institution, you can get cash back. But you may only be able to get as much cash as you had in your account before making your deposit.

How do I add money to my account?

To add money to your account, you need to make a deposit. Your institution may give you preprinted deposit slips (see Figure 4) with your name, address and account number. If not, pick up blank deposit slips at your institution, and write in this information to make sure the money goes into your account and not someone else's. You also can deposit money at an Automated Teller Machine (ATM) or through Direct Deposit.

How do I deposit cash?

After writing your name, address and account number on the blank deposit slip (see Figure 4), fill in the current date. Add up the total amount of paper money (1's, 5's,

10's, 20's, etc.) and place this amount in the space next to "Currency." Add up the amount of any coins you wish to deposit. Place this amount next to "Coin." Write the total amount of your deposit (all currency and coins added together) in the space "Total." This is the amount that will be added to your account.

How do I deposit checks?

Endorse the checks. If you want to deposit an entire check into your account, write "For Deposit Only," followed by your signature and your account number. This way, the check can only be deposited into your account. This endorsement not only keeps others from cashing your check, but also means you cannot get cash back.

Make sure your name, address, account number and the current date are on your deposit slip (see Figure 4). Use a separate line on the front of the deposit slip for each check you want to deposit. If you have more than two or three checks, use the back of the deposit slip to list them. When you use the back of the deposit slip, be sure to list the total (all the checks added together) on the line “Total from Other Side” on the front of the deposit slip. If you have currency or coins to deposit with your checks, list it on the deposit slip in the spaces provided.

After you have listed all the currency, coins and checks you want to deposit, add them up. Write this amount on the line marked “Total.” If you make your deposit in person at your institution, you can get cash back. But you may only be able to get as much cash as you had in your account before making your deposit. Write in the cash you want in the space next to “Less Cash Received,” and subtract it from the total. Write this amount on the line

“Total Deposit.” The “Total Deposit” is the amount that will go into your account.

Your institution may place a hold on newly deposited funds. This means you cannot use this money until the deposit clears. Federal law specifies when certain types of deposits must be made available. Depending upon the type of deposit, the funds must be available either the next business day, within two business days or within five business days (see Figure 5).

Longer holds may apply if:

- The institution has reason to believe a check you deposit will not be paid
- You deposit checks totaling more than \$5,000 on any one day
- You re-deposit a check that has been returned
- You have overdrawn your account repeatedly in the last six months

When will your money be available?

Type of Deposit	When Available**
• Direct Deposit of Federal benefits	<i>Morning of deposit</i>
• Electronic payments	<i>Next business day (Mon-Fri)</i>
• First \$100 of any non-“next-day” check deposited	<i>Next business day (Mon-Fri)</i>
• Cash (deposited in person)*	<i>Next business day (Mon-Fri)</i>
• U.S. Treasury checks (deposited in person or at ATMs owned by your financial institution)	<i>Next business day (Mon-Fri)</i>
• U.S. Postal Service money orders (deposited in person)*	<i>Next business day (Mon-Fri)</i>
• State or local government checks (deposited in person)*	<i>Next business day (Mon-Fri)</i>
• Cashier’s, certified, or teller’s checks (deposited in person)*	<i>Next business day (Mon-Fri)</i>
• Checks and other money orders drawn on another account at the same financial institution	<i>Next business day (Mon-Fri)</i>
• Federal Reserve Bank and Federal Home Loan Bank checks (deposited in person)*	<i>Next business day (Mon-Fri)</i>
• Checks and non-U.S. Postal Service orders from local financial institutions	<i>Second business day (after the day of deposit)</i>
• Deposits (of items noted by “*”) made at an ATM owned by your financial institution	<i>Second business day (after the day of deposit)</i>
• Checks and non-U.S. Postal Service money orders from out-of-town or out-of-state financial institutions	<i>Fifth business day (after the day of deposit)</i>
• Deposits made at an ATM not owned by your financial institution	<i>Fifth business day (after the day of deposit)</i>

** Maximum hold allowed; your funds may be available sooner — check with your financial institution.

Figure 5: When Your Funds Will Be Available

- There is an emergency such as a failure of communications or computer equipment
- Your account has been open 30 days or less

There are two basic types of savings accounts. Passbook and statement savings accounts — offered by most institutions — are easy to use. You can deposit money into your account at the teller

window, at your ATM, by mail or by Direct Deposit. You can take money out of your account by using a withdrawal slip or an ATM card. There may be limits on the number of transfers you can make, such as moving money from one account

Financial Institution 123 Elm Street Any Town, USA 10000		
Deposit/Withdrawal Statement for the Month of: July		
Account: 0000-000000-00 Name: John B. Doe Ledger Balance: \$246.53		
Current Balance: \$246.53	Last Statement Balance: \$0.00	Available Balance: \$246.53
Date of Transaction	Amount	Description
7/03/98	350.00 +	Direct Deposit
7/04/98	25.80 -	CK# 100
7/05/98	108.17 -	CK# 101

Figure 6: Sample Statement

How do I manage a savings account?

You need to manage your savings account so you always know how much money you have in it. Your institution will give you a passbook or savings account register to help you do this.

to another or paying bills by telephone. A fee may be charged if your balance drops beneath the minimum required.

With a passbook savings account, all of your transactions — deposits, withdrawals, interest earned and

fees — are recorded in a small booklet, called a passbook. Take your passbook to the institution when you want to make a deposit, withdrawal or find out how much interest you have earned. The teller will print the transaction, interest earned and your new balance in the passbook.

With a statement savings account, you will get a periodic statement that lists your transactions and interest earned during that period.

Tips for managing your account.

If you have a statement savings account, you will get a statement, usually quarterly, that lists all your transactions since your last statement — deposits, withdrawals, interest earned and fees charged.

Keep track of deposits.

Making a deposit means adding money to your account. Your institution will give you receipts for the deposits you make at the teller window, at an ATM or by mail. Save these receipts. Record your deposits in your savings account register.

Keep track of withdrawals.

To take money from your account, you need to make a withdrawal. You can pick up a withdrawal slip from your institution. Fill in your name, signature, date and the

amount you want to take out of your account, then give the withdrawal slip to the teller. The teller will ask for identification, such as a driver's license. Some institutions may ask for a thumb print. You also can withdraw money from an ATM.

Compare your records with your institution's records.

If you have a statement savings account, you will get a statement (see Figure 6), usually quarterly, that lists all your transactions since your last statement — deposits, withdrawals, interest earned and fees charged. Contact your institution immediately if you find an error.

Make sure all the deposits you made are included on the statement.

If one of your deposits made before the closing date is not included on the statement, you will need your receipt to prove that you made the deposit. Deposits made after the statement closing date will not show up until your next statement. Keep these receipts until the deposits show up on your statement.

Make sure all the withdrawals you made are included on the statement. Remember that recent withdrawals may not show up until the next statement. Compare your receipts with the statement. There

Be sure to add the interest you earn to the balance shown in your savings account register.

After you have subtracted any fees, added any interest (dividends)

PLEASE BE SURE TO DEDUCT CHARGES THAT AFFECT YOUR ACCOUNT

ITEM NO. OR TRANS CODE	DATE	TRANSACTION DESCRIPTION	SUBTRACTIONS		ADDITIONS	BALANCE
			AMOUNT OF PAYMENT OR WITHDRAWAL (-)	(-) FEE IF ANY		
						30 50
	7/3	Direct Deposit			+350 00	+350 00
						380 50
100	7/4	XYZ Hardware	-25 50			-25 50
						354 70
101	7/5	ABC Insurance Co.	-108 17			-108 17
						246 53
ATM	7/7	ATM withdrawal (ATM Fee)	-30 00	-1 00		-31 00
						215 53
	7/8	Deposit			+400 00	+400 00
						615 53
102	7/8	Mortgage Co.	-235 00			-235 00
						380 53

Figure 7: Sample Check Register

may also be charges or other fees. For example, your account may be charged a fee if you use an ATM from another institution. Be sure to subtract these charges from your savings account register.

earned and considered any deposits or withdrawals made after the closing date, your balance should be the same as the balance shown in your savings account register. If not, call your institution. They can help you resolve any differences.

Add any interest (dividends) earned to your savings account register.

Your statement will also tell you how much interest your account has earned since the last statement. The larger your account balance, the more interest you will earn.

How do I manage a checking account?

The checkbook register helps you keep track of how much money is in your account. This will help you avoid fees for bounced checks or

for dropping below any minimum balance requirements. Here are some tips to help you manage your account.

write, withdrawals you make from ATMs and payments automatically taken from your account. Be sure to subtract any fees or service

Balance your check register.

PLEASE BE SURE TO DEDUCT CHARGES THAT AFFECT YOUR ACCOUNT							
ITEM NO. OR TRANS CODE	DATE	TRANSACTION DESCRIPTION	SUBTRACTIONS AMOUNT OF PAYMENT OR WITHDRAWAL (+)	✓ T	(-) FEE ANY	ADDITIONS	BALANCE
							30 50
	7/3	Direct Deposit		✓		+350 00	+350 00
100	7/4	XYZ Hardware	-25 80	✓			380 50
101	7/5	ABC Insurance Co.	-108 17	✓			354 70
ATM	7/7	ATM Withdrawal (ATM Fee)	-30 00 -1 00				246 53
	7/8	Deposit				+400 00	215 53
102	7/8	Mortgage Co.	-235 00				615 53
							380 53

Figure 8: Balancing Check Register

Keep track of deposits.

Make sure you add any deposits to your balance in the checkbook register (see Figure 7). When you make deposits, save the receipts. They can help correct mistakes. Remember to add any automatic or Electronic Funds Transfer (EFT) deposits you may get to your checkbook register when they are deposited.

Keep track of withdrawals.

Record and subtract any checks you

charges from your account balance, including fees for ATM use.

Balance your checkbook register.

Balance your checkbook register every time you get a statement from your institution. Your statement shows all account transactions since the last statement. Balancing your checkbook register means comparing the information in the statement with the information you have recorded in your checkbook register. Statements often have a worksheet

printed on the back (see Figure 9) to make balancing your checkbook register easier.

How do I balance my account?

Start with your statement. Make sure each item listed on your statement is recorded in your checkbook register and that the amount agrees with what you have recorded. Once you have checked an item, place a check (✓) next to it on both the statement and in your checkbook register (see Figure 8). This will help you to see which items listed in your register have already cleared your institution and will help you to avoid overlooking an item listed on your statement. Be sure to subtract from your register any fees and service charges listed on your statement. Place check marks next to these items in your checkbook register to show that they have already been deducted by your institution.

Identify outstanding transactions. An outstanding transaction is one that has not cleared, or been paid out, by your institution by the statement closing date. You can easily see which transactions have not cleared in your checkbook register:

They do not have checks (✓) next to them. You may have made deposits since the statement closing date that do not appear on the statement. List them, and add up the total. You probably will have written several checks or made withdrawals that do not appear on your statement. List these too, and add up the total.

Balance your checkbook register.

(See Figure 9.) Start with the closing balance shown on the statement from your institution. Add any outstanding deposits. Next, subtract any outstanding checks and withdrawals. The total after adding outstanding deposits and subtracting outstanding checks and withdrawals should be the same as the balance in your checkbook register. If not, follow these tips to help you find the error:

- **Check your math!** You may have made a mistake in your checkbook register when adding or subtracting a transaction.

Or you may have made a mistake when adding outstanding deposits or outstanding checks and withdrawals.

Financial Institution
 123 Elm Street
 Any Town, USA 10000

ACCOUNT BALANCING WORKSHEET

BEFORE BALANCING YOUR STATEMENT:

1. REFER TO THE LISTING OF CHECKS ON THE FRONT OF THE STATEMENT. MARK THE ENTRY IN YOUR CHECKBOOK FOR EACH CHECK LISTED.
2. LIST AT THE RIGHT THE AMOUNTS OF ALL CHECKS NOT MARKED OFF IN YOUR CHECKBOOK REGISTER INCLUDING OUTSTANDING CHECKS FROM PRIOR STATEMENTS.
3. DEDUCT FROM YOUR CHECKBOOK BALANCE ANY DEPOSITS, WITHDRAWALS, OR SERVICE CHARGES LISTED ON THIS STATEMENT THAT YOU HAVE NOT ALREADY RECORDED.
4. LIST AT RIGHT ANY RECENT DEPOSITS WHICH ARE NOT LISTED ON YOUR STATEMENT.

OUTSTANDING CHECKS

CHECK NO.	AMOUNT
ATM	30 00
FEE	1 00
102	235 00
AMOUNT	266 00

DEPOSITS NOT CREDITED

DATE OF DEPOSIT	AMOUNT
7/8	400 00
TOTAL	400 00

TO BALANCE:

5. ENTER HERE THE CLOSING BALANCE ON THE FRONT OF THIS STATEMENT.
6. ADD DEPOSITS NOT CREDITED (ITEM "4" ABOVE).
7. SUBTRACT OUTSTANDING CHECKS (ITEM "2" ABOVE).

THIS FIGURE SHOULD AGREE WITH YOUR CURRENT CHECKBOOK BALANCE. IF IT DOES NOT AGREE, REVIEW ALL THE ABOVE STEPS AND, IF NECESSARY, YOUR CHECKBOOK ENTRIES.

ACCOUNT RECONCILIATION

STATEMENT BALANCE	246 53
DEPOSITS NOT LISTED	400 00
SUBTOTAL	646 53
CHECKS NOT CLEARED	266 00
CURRENT CHECKBOOK BALANCE	380 53

Figure 9: Sample Account Balancing Worksheet

- **Look for missing check numbers.** Look in your checkbook register to make sure that you did not forget to record a check you wrote.
- **Double-check your statement.** Make sure the items that you show as outstanding in your register are not listed on the statement. Make sure the amounts shown on your statement for deposits and withdrawals match the amounts recorded in your register.
- **Call your institution.** If you still cannot find the error, call your institution. They will help you reconcile your account. Some institutions charge a fee for this service. The fee is usually based on the amount of time needed to find and correct the error.

Developed by the Financial Services Education Coalition:

AARP	Federal Trade Commission	U.S. Department of Agriculture
American Bankers Association	Independent Community Bankers of America	Cooperative State Research, Education and Extension Service
Call For Action, Inc.	National Association of Federal Credit Unions	U.S. Department of the Treasury
Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Automated Teller Machines (ATMs)

What is an ATM?

An Automated Teller Machine — commonly known as an ATM — gives you access to your account 24 hours a day in most locations by using your ATM card and Personal Identification Number (PIN).

Your PIN is the password for your account. Your PIN may be assigned to you, or you may be able to choose it. Do not use your birth date, address or anything that might be easily guessed by someone who may steal your card. Do not share your PIN with anyone, or write your PIN on the card.

How do I use my ATM card?

Most things that you can do at your financial institution, you can

do at an ATM. Get cash. Make a deposit. Check your account balance. Transfer money.

Some ATMs simply give out cash. That means you cannot use them to make deposits, transfer money or perform other transactions.

ATMs located in convenience stores, movie theaters, hotel lobbies and other high-traffic areas may charge higher fees.

If you are thinking about getting an ATM card, ask your institution if they charge a:

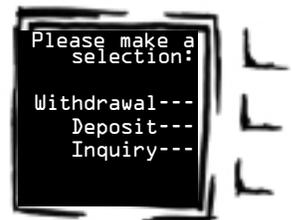
- Monthly or yearly fee to use the card
- Fee to use the card at your institution's ATMs
- Fee to use the card at other institutions' ATMs

Step 1 — Insert your ATM card into the card slot of the machine.



Step 2 — Enter your PIN.

Step 3 — Follow the directions on the ATM screen. In communities where several languages are spoken, many machines give directions in different languages.



If the ATM says withdrawals must be made in denominations or increments of \$10 or \$20, that means it only carries 10- or 20-dollar bills. For example, you need \$50 and the ATM screen says your withdrawal must be in \$20 increments. You can request either \$40 or \$60 and the machine will give you two or three \$20 bills. There is no need to withdraw \$20 in two or three separate withdrawals.

Most institutions limit the amount of money you can take out each day — usually \$100 to \$600.

Your institution may offer services through an ATM network. Networks link together the ATMs of banks, savings and loan associations, and credit unions. Networks give you access to your account while you are in other neighborhoods, cities or out of the country.

To avoid fees, use an ATM owned by your institution. If you cannot, look for an ATM network name or logo that matches the one on your ATM card. Network names include Star*, Cirrus* and Plus*. While

you can use these machines, you might pay fees to your institution, the institution that owns the ATM, or both.

ATM Tips

Take these steps to protect your account.

- Sign the back of your card as soon as you get it. Read the information that comes with it.
- Memorize your PIN — do not write it on your card or keep it in your wallet.
- Do not bend or scratch your card. Keep it away from hot or magnetic surfaces.
- Cover the ATM key pad when you type your PIN so other people cannot see it.
- Avoid using ATM machines at night if they are not in well-lit and safe areas. Take a friend along for safety. Some police stations have ATM machines in their lobbies.

** Mention of any product or service does not imply endorsement by the Financial Services Education Coalition.*

- Keep your receipts, and record any deposits and withdrawals you make with your ATM card in your checkbook register or savings account register. Remember to subtract any fees.
- Compare your records with your statement. Contact your institution immediately if there are any errors. Call first, and follow up with a letter.
- Within two business days after you learn of the loss or theft of your card — you will be held responsible for no more than \$50 in unauthorized withdrawals.
- After two business days, but within 60 days from when the institution sends you a statement showing an unauthorized withdrawal — you could lose up to \$500.

What do I do if my ATM card is lost or stolen?

Call your institution right away, and follow up with a letter. The longer you wait, the more money you may lose. If you report your card missing before it is used, you will not be held responsible for any unauthorized use.

If you report your card missing after it is used, the amount you can be held responsible for depends on how quickly you report the loss.



Developed by the Financial Services Education Coalition:

AARP
 American Bankers Association
 Call For Action, Inc.
 Consumer Information Center
 Credit Union National Association, Inc.
 Debt Counselors of America
 Federal Deposit Insurance Corporation
 Federal Reserve Board

Federal Trade Commission
 Independent Community Bankers of America
 National Association of Federal Credit Unions
 National Community Reinvestment Coalition
 National Consumers League
 National Foundation for Credit Counseling
 Organization for a New Equality

U.S. Department of Agriculture
 Cooperative State Research,
 Education and Extension Service
 U.S. Department of the Treasury
 Financial Management Service
 Office of the Comptroller of the Currency
 Office of Thrift Supervision

THE FACTS: Debit Cards



Debit cards are sometimes called check cards because the amount of your purchase is automatically deducted from your checking or share draft account, or ETA.

What is a debit card?

A debit card is a plastic card that can be used in Automated Teller Machines (ATMs) to get money or at Point of Sale (POS) terminals to buy something. Many businesses also allow you to obtain cash when making a purchase. Some businesses add a fee if a debit card is used. Still, debit cards are convenient and some can be used in other countries. Generally, your debit card can be used where you see the logo on your card posted on an ATM, a store's door or a cash register. You usually do not have to show other types of identification when using your debit card.

Debit cards are sometimes called check cards because the amount of your purchase is automatically deducted from your checking or share draft account, or ETASM—Electronic Transfer Account. Be careful not to confuse them with your credit card. Some financial institutions charge a monthly fee and/or a per-transaction fee for debit card use. Check with your institution.

Types of debit cards:

PIN-Based Debit Cards

- Your Personal Identification Number or PIN (account

password) authorizes the transaction.

- The amount of the transaction is immediately deducted from your account.
- Financial institutions generally issue these cards to all account holders requesting them.

Signature-Based Debit Cards

Signature-based debit cards offer the same services as PIN-based debit cards, including the following features:

- Your signature authorizes the transaction.
- The amount of the transaction is generally deducted from your account within two to three business days after the transaction.
- You may have to meet financial institution requirements (satisfactory credit history, account in good standing and/or account open for a specified period of time) to receive cards with this feature. Check with your financial institution for specific information.

Record your debit card transactions in your checkbook or account register. Compare them to your statement. Contact your institution immediately if there are any errors.

Debit Card Safety Tips

- Record your debit card transactions in your checkbook or savings account register. Compare them to your statement. Contact your institution immediately if there are any errors. Call first, and follow up with a letter.
- Keep your debit card in a safe spot. Do not share your PIN with anyone. Know where your card is at all times.
- Keep your account number, card expiration date and the telephone number of your institution handy in case your card is lost or stolen.

What do I do if my debit card is lost or stolen?

Call your institution right away, and follow up with a letter. The longer you wait, the more money you may lose. If you report your card missing before it is used, you will not be held responsible for

any unauthorized use.

If you report your card missing after it is used, the amount you can be held responsible for depends on how quickly you report the loss.

- Within two business days after you learn of the loss or theft of your card — you can be held responsible for no more than \$50 in unauthorized withdrawals.
- After two business days, but within 60 days from when the institution sends you a statement showing an unauthorized withdrawal — you could lose up to \$500.
- After 60 days — you could lose all the money that was taken from your account after the end of the 60 days and before you report your card missing.

Developed by the Financial Services Education Coalition:

AARP
American Bankers Association
Call For Action, Inc.
Consumer Information Center
Credit Union National Association, Inc.
Debt Counselors of America
Federal Deposit Insurance Corporation
Federal Reserve Board

Federal Trade Commission
Independent Community Bankers of America
National Association of Federal Credit Unions
National Community Reinvestment Coalition
National Consumers League
National Foundation for Credit Counseling
Organization for a New Equality

U.S. Department of Agriculture
Cooperative State Research,
Education and Extension Service
U.S. Department of the Treasury
Financial Management Service
Office of the Comptroller of the Currency
Office of Thrift Supervision

THE FACTS: Keeping Track of Your Electronic Transactions

Used wisely these electronic features can help you better manage your money and your time.

Most accounts offer a generous selection of electronic features. Instead of using checks, you can use electronic transactions for a variety of money management tasks. Used wisely, these features can help you better manage your money and save you time.

Electronic banking is safe, convenient and easy to use. You can choose options that let you:

- Automatically deposit (Direct Deposit) funds into your account. Direct Deposit is the electronic transfer of your paycheck, benefit check or other payment into your account at a bank, savings and loan, or credit union.
- Transfer money between your accounts. For example, from your checking to your savings account.
- Make loan payments without writing checks.
- Pay bills on time automatically.
- Pay for goods and services in person, by telephone, through the mail or on-line with a personal computer.

- Access your money and information about your account any time, day or night.

Keeping track of electronic transactions

If you forget to deduct an automatic payment or a debit card purchase, you might not have enough money in your account to cover other expenses. It is important to keep accurate records whether the amount of your electronic deposit or withdrawal is the same each month or varies. Make sure you know the amount of a transaction and the date that it will be subtracted from or added to your account and record deposits and withdrawals as they occur.

Some transactions, such as telephone, cable or utility bills and your paycheck, may have different dollar amounts each month. Make sure you know the date that the transaction will be subtracted from or deposited to your account. Check your balance to verify whether money has been added or subtracted. If you have a variable direct payment, you should get a notice in the mail 10 days before money is subtracted from your account. This notice tells you the amount of

the payment. If you need to stop an automatic payment, contact your financial institution at least three business days before it is scheduled to be taken from your account.

What are some tools for keeping track of my electronic transactions?

1. **Account Register.** An account register helps you keep track of the amount of money in your account. Knowing your account balance can keep you from bouncing checks or paying the bank a monthly fee if you have too little in your account.

Write down the date and amount of your withdrawals (money you take out of your account) and deposits (money you add to your account) in your account register. Be sure to include any electronic transactions such as Direct Deposits, direct payments and debit card payments in your account register. If you have a checking account, you can put a code in the check number box that will indicate you have made an electronic transaction. For example, if you get cash from an ATM, write ATM in the check number space. If you bought

something with your debit card, write POS for Point-Of-Sale in the check number space. If you use direct payment to pay some of your bills, write DP in the space. If your Federal payment or paycheck is directly deposited in your account, write DD in the space. Writing down check numbers and codes helps you compare your account register with your monthly statement to make sure the numbers match. (See Figure 1.)

Sometimes the amount of your paycheck, Federal payment or the amount you owe on your bills will change. Be sure you know the exact amount paid or subtracted automatically so that you can record it in your account register. If you need to stop an automatic payment, call your financial institution at least three days before the money is to be taken out of your account.

2. **Schedule of Automatic Transactions.** A schedule of automatic transactions helps you know when Direct Deposits or direct payments take place. Use a calendar, or make a list of the dates, amounts and sources of your automatic transactions.

Sample Account Records

Transaction type*	Date	Description of transaction	Payment amount	Fee	Deposit amount	Balance
	1/1/2000	Beginning Balance				\$250.00
POS	1/2/2000	Grocery Store	\$55.37			-55.37
						194.63
ATM	1/2/2000	Cash	50.00	\$1.50		-51.50
						143.13
DP	1/4/2000	Electricity Bill	75.93			-75.93
						67.20
	1/5/2000	Direct Deposit - pay			\$525.00	+525.00
						592.20
Wire	1/6/2000	Wire transfer to family	150.00	10.00		-160.00
						432.20
	1/10/2000	Account fee		3.00		-3.00
						429.20

Figure 1: Sample Account Records

* POS = payment at point-of-sale with debit card, ATM = transactions at Automated Teller Machines, DP = direct (or automatic) payments

Write these automatic transactions in your account register every week.

Don't forget to record service charges and transaction fees. If you withdraw money from another financial institution's ATM, be sure to include any related fees when you record the transaction. For example, you withdraw \$60.00 from an ATM located in a nearby convenience store and the ATM owner charges you a \$2.00 fee. You'll get a receipt showing that \$62.00 was withdrawn from your account. The ATM will give you a chance to cancel the transaction to avoid the extra charge. Also, be sure to include any additional fees charged by your financial institution for using another financial institution's ATM.

Your financial institution may limit your number of free monthly

transactions. If so, keep track of how many transactions you've made, and record any additional fees in your account register.

You can reduce the number of transactions by asking for cash back with purchases at Point-of-Sale (POS) terminals. This may also help you avoid another financial institution's ATM fees.

3. **ATM and Debit Receipts.** Keep your receipts after you use the ATM and your debit card. Pick a special place in your wallet or purse to keep these receipts until you can write them down in your account register. If you buy something over the phone or by mail and don't get a receipt, write it down right away in your account register. Be sure to write down any fees charged by ATMs. Also, you may be charged fees for other kinds of transactions. Be sure to write them down.

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Consumer Information Center	National Community Reinvestment Coalition	Financial Management Service
Credit Union National Association, Inc.	National Consumers League	Office of the Comptroller of the Currency
Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
Federal Deposit Insurance Corporation	Organization for a New Equality	
Federal Reserve Board		

THE FACTS: Understanding Electronic Products and Services at Your Financial Institution

Electronic products and services use computer technology to give you information about your account, make automatic deposits and let you get your cash.

Electronic products and services use computer technology to give you information about your account; make automatic deposits to your account or automatic payments from your account; and let you get cash from your local grocery store, movie theater or shopping mall.

This fact sheet gives you information about many electronic products and services. The term “financial institution” as used in this fact sheet means banks, savings and loans, and credit unions. As always, it pays to shop around for the services and account features you want, since different financial institutions may have different fees.

What are the different electronic products and services?

Automatic Savings. This is money that you ask your employer to take from your paycheck and automatically put into an account at your financial institution. Some employers say that your automatic savings must be deposited at the same financial institution where your paycheck goes; other employers let you choose where you want your automatic savings to go. Automatic savings are also called “allotments.”

Automated Teller Machine

(ATM). An Automated Teller Machine or ATM lets you get to your account 24 hours a day, 7 days a week. You need an ATM card and a Personal Identification Number (PIN), which you get from your financial institution. You can find ATMs outside of banks, savings and loans, and credit unions; and in stores, movie theaters, hotels and shopping malls. You can get cash, check your balance, move money from one account to another and make deposits at most ATMs. Some financial institutions will charge you a fee for use of their ATMs or for using ATMs at other financial institutions. See “The Facts: Automated Teller Machines (ATMs)” for more information.

Balance Inquiries. You can find out how much money is in your account by making a balance inquiry. Balance inquiries can be done by completing one the following:

- Go to an ATM, insert your ATM card, enter your PIN, and then choose “balance inquiry” on the screen.

- Call an “automated phone line” number provided by your financial institution. A voice prompt will ask you to enter your account number and PIN. This gives you access to your account, and then you can get your account balance. You must have a push button/touch-tone phone to use this option.
- Use a computer to call up your financial institution and check your balance. You must have computer software from your financial institution or access to the Internet and a PIN or password to use this option.

The balance you get may not be the same as the actual amount of money you have to spend. This is because some of your checks or transfers may not yet have cleared your account. To find out how much money you really have in your account, you’ll need to compare your records with your financial institution’s records. Also, some financial institutions may charge a fee for balance inquiries.

Debit Cards. A debit card is tied to your checking or share draft account and can be used at ATMs

and for Point-of-Sale (POS) transactions. Debit cards are sometimes called check cards because the amount of your purchase is automatically deducted from your account. Generally, your debit card can be used wherever you see the symbol or name on your card posted, often on an ATM, a store’s door or a cash register. When using a debit card, you will either have to enter your PIN or sign a receipt, just as you do with a credit card. You usually don’t have to show other types of identification when using your debit card. See “The Facts: Debit Cards” in this series for more information.

Direct Deposit. Direct Deposit is a free, simple, safe and secure way to have money automatically deposited into your checking, share draft or savings account. Many types of payments (your paycheck, Federal Government payments and with most accounts, your tax refunds) can all be deposited directly into your account. You can get the form to sign up for Direct Deposit from your financial institution, Federal Government payment agency or your employer’s payroll office.

Direct Payment. Direct payment, or automatic payment, is a safe and easy way to pay your bills. You pay the bills “electronically” instead of writing checks or paying by money order. You can use direct payment to pay your gas, electric, phone, mortgage loan, insurance, credit card and other kinds of bills. The money to pay your bills is taken right out of your account. Ask the companies that send you bills about how to sign up for direct payment. *If you need to “stop payment” on a direct payment, be sure to let your financial institution know at least three days before the payment is due.*

Electronic Account. These accounts let you deal with your financial institution by using a personal computer or the Internet. You can still write checks, or use ATMs, Direct Deposit, direct payment and debit cards. Your financial institution may “send” your account statement to you electronically – you won’t get a paper copy of your monthly statement in the mail. You can usually get a copy of your statement any time you need it, not just once a month. You can print out your electronic account statement with the computer’s printer if you need a paper copy.

Many consumer protections are based

on when you notice errors on your monthly statement, so it pays to watch your electronic statements as closely as you watch the paper statements. For example, if you have an unauthorized withdrawal on your account, under the Electronic Fund Transfer Act (and the Federal Reserve’s Regulation E), you have 60 days from the time the account statement with the unauthorized withdrawal was “mailed” to you to report the error. Otherwise, you may be liable for the full amount of the withdrawal.

Financial Management Software.

Financial management software is computer software that allows you to track your account activity using the computer. It can also give you a summary of your spending to help you budget. Quicken® and Microsoft Money® are two software programs that are often used.

Overdraft Protection. Overdraft protection is a service that helps you avoid “bouncing” a check. Here’s how it works. Say you have \$100.00 in your checking account and you write a check for \$150.00. If you have overdraft protection, your financial institution will lend you the additional \$50.00. Your check will not bounce, and you will not have to pay the fees that go along with a

bounced check. However, you must pay back the money loaned to you for the overdraft, as well as any interest due. You also may have to pay a service fee for having an overdraft protection line of credit.

Point-of-Sale (POS) Transfers. POS transfers let you use your debit card to pay for the things you buy. The money to pay for your purchase will be sent electronically from your account to the store's account. Sometimes the transfer happens right away, other times it may take a day or two (which is why you may see a difference between your account register and the amount in a balance inquiry or account statement). Some places will let you get cash back in addition to your purchase. For example, if you bought groceries for \$25.00 and wanted \$20.00 cash for later use, you could ask the grocery clerk to ring up \$45.00. The \$45.00 would then be deducted from your account and transferred to the store. Some places will only let you use your debit card for the exact amount of the items you buy.

Smart Cards. A smart card is a plastic card with a computer chip in it. Some cards are single-purpose smart cards – you can only use them for mass transit or telephone

calls. Each time you ride mass transit or make a telephone call, the card keeps track of how much you spent and how much money is left on your card. For example, if you buy a smart card for \$20.00 to pay for your daily \$3.00 ride on the subway, the smart card keeps track of each \$3.00 deduction for the subway ride, and how much money remains on the card. Other smart cards can be used for many purposes, serving as an ATM card, a debit card, a credit card or an electronic cash card.

Wire Transfers. If you need to send a large amount of money quickly and safely, wire transfer payments may be the right choice. But it can be expensive. The fees to cover the fast and safe delivery of the money can be high. Wire transfers often are used to send money to someone outside of the United States. It's a good idea to shop around and compare fees, because wire service providers offer similar services at different costs.

Banking Away From the Bank.

Financial institutions provide many ways to use your account, all from the comfort of your home or public library with the convenience of a computer. You can bank when you want, not just when the bank is open.

- *Phone Banking* lets you use a telephone to access your accounts.
- *Personal Computer Software*, provided by your financial institution, lets you access your account from a personal computer. The computer must have a modem and telephone access.
- *Web Banking* gives you Internet access to your account. After logging on to the Internet using a personal computer, you enter a security code to access your account through your financial institution's Web site.

All three services let you check your balance, find out if a specific check has cleared, find out if a deposit has been made, transfer money between accounts and sometimes, pay bills. Web banking may also let you check interest rates, buy Certificates of Deposit (CDs) and U.S. Savings Bonds, and apply for loans and credit cards.

Phone Banking. Most financial institutions have a bank-by-phone feature for use with touch-tone phones. You simply call a special number, provided by your financial institution, and use your account number and a security code to access your account.

Once you call the number, a voice prompt will ask you to enter your account number and PIN. You can then find out your balance, check deposits and withdrawals, and move money between accounts. Be sure to write down the amount of any transfers you make. You will need these records to compare with your financial institution's monthly statement.

Some financial institutions let you pay bills over the phone. You tell your financial institution what bills you would like to pay by phone, such as your electric, gas, water or mortgage bill, and they will help you set up codes for these bills. When a bill is due, you call your financial institution and use the touch-tone keypad to enter the information for the bills you want to pay and the payment amounts. Your financial institution will move the money from your account to pay your bills. Make sure you call your financial institution to pay the bills two or three days before they are due so that they won't be late. Write down these payments and compare them with your monthly statement.

Personal Computer Software (from your financial institution).

If you have a personal computer and a modem, and if your financial

institution offers personal computer banking software, you can use a personal computer to do almost anything that you would normally do at your financial institution. With personal computer banking, the computer connects directly to the financial institution's home banking computer. You do not need to go through an Internet Service Provider (ISP). Once you are connected to the financial institution's computer, you can check your account, see if a deposit was made, or move money between accounts. An advantage of personal computer banking over phone banking is that you can usually print out a record of the transactions you've made – bills you have arranged to pay or transfers you have made – so you can compare them with your monthly statement.

Web Banking. Some financial institutions let you use the Internet to access your account. You can log on to the Internet from your own personal computer or by using a computer at the library, community center or other public access location.

Once on the Internet, you can go to your financial institution's Web site. At the Web site, you must use a security code (given to you by your financial institution) to access your account. You can print out a copy of your account activity and compare it to your monthly statements. Advantages of personal computer Internet (or Web) banking are that you don't need special software and that you can print out a copy of the transactions you've made so you can compare them with your monthly statements.

Each of these three options lets you check your account balance, find out if a transaction has gone through or a deposit has been made, or transfer money between accounts. Web access also may let you check interest rates on savings or loans, buy Certificates of Deposit (CDs) and U.S. Savings Bonds, and apply for loans and credit cards.

Note: Mention or display of a trademark, proprietary product, or firm in the text does not constitute an endorsement by the Financial Services Education Coalition or its member agencies and organizations and does not imply approval to the exclusion of other suitable products or firms.

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Federal Reserve Board		

THE FACTS: Frequently Asked Questions

Q: What is electronic banking?

A: To most people, electronic banking means 24-hour access in most locations to cash through an Automated Teller Machine (ATM), or Direct Deposit of paychecks or benefit checks into checking, share draft or savings accounts.

Electronic banking, also known as Electronic Funds Transfer (EFT), uses computer technology instead of checks and other paper transactions. An ATM or debit card with a Personal Identification Number (PIN) gives you electronic access to your accounts.

Q: What do I do if my ATM or debit card is lost or stolen?

A: Call your financial institution right away and follow up with a letter. The longer you wait, the more money you may lose. If you report your ATM or debit card missing before it is used, you will not be held responsible for any unauthorized use.

If you report your card missing after it is used, the amount you can be held responsible for depends on how quickly you report the loss.

- Within two business days after you learn of the loss or theft of your card — you can be held responsible for no more than \$50 in unauthorized withdrawals.
- After two business days, but within 60 days after the institution sends you a statement showing an unauthorized withdrawal — you could lose up to \$500.
- After 60 days — you could lose all the money that was taken from your account after the end of the 60 days and before you report your card missing.

Q: How do I correct EFT errors on my account?

A: Call your institution and follow up with a letter. You have 60 days from the date your statement was mailed to contact your institution. If you miss the deadline, your institution does not have to investigate.

Once you call the institution, it has:

- Ten business days to investigate the problem

- One business day to correct the error after finding it
- Three business days to tell you the results of the investigation

There is an exception:

If the money in question is returned to your account within 10 business days of when you notified the institution of the error, the institution can take up to 45 days to investigate. If no error is found, the institution may take back the money in question if it sends you a written explanation.

Q: What is Direct Deposit?

A: Direct Deposit is the electronic transfer of your salary, government benefit or other payment into your checking, share draft or savings account, or ETASM — Electronic Transfer Account.

Q: How will I know if a Direct Deposit, such as my Social Security benefit, has been deposited into my account?

A: You can call your institution. Many have automated telephone lines that let you access account information. You may be able to

check your account balance at an ATM. Or you can check your statement when it comes in the mail.

Q: What record will I have of my EFT deposits and withdrawals?

A: You will get receipts whenever you use your ATM or debit card. You also will get statements, monthly or quarterly, showing all transactions on your account.

Q: How soon can I use money from a Direct Deposit?

A: The money is available to you the morning of the payment date. For example, if your Social Security benefit is due the third day of each month, your money will be available that morning.

Q: How soon can I use money I deposit into my account?

A: That depends on whether you deposit cash or a check and, if you deposit a check, the type of check and where it is from. Federal law sets the time limits for “holds” on funds and your access to them. The chart on the following page explains the different types of deposits and when you have access to those funds.

When will your money be available?

Type of Deposit

- Direct Deposit of Federal benefits
- Electronic payments
- First \$100 of any non-“next-day” check deposited
- Cash (deposited in person)*
- U.S. Treasury checks (deposited in person or at ATMs owned by your financial institution)
- U.S. Postal Service money orders (deposited in person)*
- State or local government checks (deposited in person)*
- Cashier’s, certified, or teller’s checks (deposited in person)*
- Checks and other money orders drawn on another account at the same financial institution
- Federal Reserve Bank and Federal Home Loan Bank checks (deposited in person)*
- Checks and non-U.S. Postal Service orders from local financial institutions
- Deposits (of items noted by “*”) made at an ATM owned by your financial institution
- Checks and non-U.S. Postal Service money orders from out-of-town or out-of-state financial institutions
- Deposits made at an ATM not owned by your financial institution

When Available**

Morning of deposit

Next business day (Mon-Fri)

Second business day (after the day of deposit)

Second business day (after the day of deposit)

Fifth business day (after the day of deposit)

Fifth business day (after the day of deposit)

** *Maximum hold allowed; your funds may be available sooner — check with your financial institution.*

When Your Funds Will Be Available

Longer holds may apply if:

- The institution has reason to believe a check you deposit will not be paid
- You deposit checks totaling more than \$5,000 on any one day
- You re-deposit a check that has been returned
- You have overdrawn your account repeatedly in the last six months
- There is an emergency such as a failure of communications or computer equipment
- Your account has been open 30 days or less

Q: What is an attachment? Can my federal benefits be attached?

A: An attachment allows people you owe to take money from your account by going through the courts. Money in your account can be attached for any debts you owe to creditors, the Federal government or for child support. Supplemental Security Income (SSI), Social Security, Veterans and Railroad Retirement benefits are exempt from attachment, with limited exceptions. However, Federal salary

and Civil Service Retirement payments can be attached.

Account fees are not considered an attachment, but financial institutions can deduct fees, or any other obligations owed to the financial institution, from your account.

Q. Where can I get information and assistance?

A: Agencies responsible for carrying out consumer protection laws that cover financial services also provide information and assistance to consumers. For more information or to file a complaint, contact:

Federal Deposit Insurance Corporation (FDIC)

Division of Compliance and

Consumer Affairs

550 17th Street, N.W.

Washington, DC 20429

1-800-934-3342

<consumer@fdic.com>

(Regulates state-chartered banks that are not members of the Federal Reserve System.)

**Board of Governors of the
Federal Reserve System**

Division of Consumer and
Community Affairs
20th and C Streets, N.W.
Mail Stop 800
Washington, DC 20551
202-452-3693
TDD: 202-452-3544
*(Regulates state-chartered
banks and trust companies
that are members of the
Federal Reserve System.)*

Comptroller of the Currency

Customer Assistance Group
1301 McKinney, Suite 3710
Houston, TX 77010
1-800-613-6743
*(Regulates banks with
“National” in the name or
“N.A.” after the name.)*

**National Credit Union
Administration**

Office of Public and
Congressional Affairs
1775 Duke Street
Alexandria, VA 22314-3428
703-518-6300
*(Regulates federally chartered
credit unions and oversees the
National Credit Union Share
Insurance Fund for federally
insured credit unions.)*

Office of Thrift Supervision

Office of Consumer Programs
1700 G Street, N.W.
Washington, DC 20552
202-906-6237
1-800-842-6929
TDD: 1-800-917-2849
*(Regulates all Federal and many
state-chartered savings and loan
associations and savings banks.)*

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Debt Counselors of America	National Foundation for Credit Counseling	Office of Thrift Supervision
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Glossary

Automated Teller Machine (ATM)

A machine that allows account holders to make deposits or withdrawals and perform other transactions 24 hours a day at most locations. To use an ATM, you need an ATM card and a Personal Identification Number (PIN).

Automated Teller Machine (ATM) Card

A plastic card with a magnetic strip. With an ATM card and a PIN, you can make deposits or withdrawals from ATMs.

Automated Teller Machine (ATM) Network

A regional, national or international network that enables consumers to do transactions at ATMs. Your financial institution must belong to the network for you to use the network ATM.

Automatic Savings

Money that you ask your employer to take from your paycheck and automatically put into an account at your financial institution. Also called allotments.

Balance Inquiry

The act of finding how much money is in your account.

Balance

The amount of money you have in your deposit account.

Balancing

Comparing your account records to the monthly or quarterly statement provided by your financial institution, adding any interest earned and subtracting any fees charged. When you have finished, the closing balance on the institution's statement should equal the balance shown in your records, after taking into consideration any outstanding transactions.

Banks

Financial institutions that are businesses operating under Federal and state regulations. They offer a variety of services such as savings accounts, checking accounts, the ETASM — Electronic Transfer Account, safe deposit boxes, loans and investments. Accounts in most banks are insured against loss by the Federal Deposit Insurance Corporation (FDIC).

Basic Checking Account

A checking account that usually allows a limited number of deposits and withdrawals for a minimum fee.

Benefit Security[®] Card

A debit card used to access funds in a special account in which state and Federal payments can be automatically deposited. Available in Alabama, Arkansas, Florida, Georgia, Kentucky, Missouri, North Carolina and Tennessee.

Bounced Checks

When a check you wrote reaches the financial institution and there is not enough money in your account to cover it, your institution returns the check to the person or business you wrote it to, and charges you a fee (often as much as \$25). Checks returned to the person or business you wrote them to are said to “bounce.” Put money in your account to cover the check, as it will be re-deposited.

Branch

Financial institutions may have several locations: a central or main location and others. Other locations are called branches.

Cashier's Check

You provide cash or money from your account in the amount of the check plus a service charge (usually from \$2 to \$5), and tell the institution for whom the check is intended. The institution writes a check

(also called a bank check or teller's check) for you that is guaranteed not to bounce. Available from financial institutions.

Certificate of Deposit (CD)

A specialized savings account that involves depositing money for a fixed period of time (such as three or six months, one or five years). Money usually earns more interest in a CD than in a regular savings account. Longer periods may result in higher interest rates. Taking out money sooner than you promised means paying penalties and possibly losing any interest you may have earned.

Certified Check

A check you write and take to your financial institution. The institution will mark it "certified" for a fee (usually from \$2 to \$5) and place a hold on the funds in your account until the check clears. A certified check is guaranteed not to bounce.

Checks

Forms from your financial institution or available through mail-order companies. Checks allow you to send money from your checking account through the mail or pay at stores without the risk of losing cash, and serve as receipts for payments you make in person or by mail.

Checkbook

A plastic folder with pockets for holding checks and your checkbook register.

Checkbook Register

A booklet for keeping track of deposits, withdrawals and checks written on your checking account, essential for making sure you always know how much money is in your account.

Checking Account

A deposit account that allows you to write checks, to pay bills or for purchases. The checks are drawn on money you deposit.

Clears

A check you write clears when the amount of the check has been withdrawn from your checking account by the financial institution.

Closing Balance

On your monthly or quarterly statement, the closing balance is the amount of money in your account at the end of the statement time period. The closing balance reflects any fees or service charges and withdrawals taken from your account, plus all deposits and interest added to your account during the statement time period.

Club Account

A type of savings account that you “join” to save money for a special reason, such as holidays or a family vacation. Club accounts typically require that regular deposits be made. Interest rates are usually lower than for regular savings accounts.

Cooperatives

Member-owned, member-controlled, not-for-profit organizations that exist for the benefit of those using their services.

Credit Unions

Non-profit financial institutions owned by members who have something in common. You must be within the credit union’s field of membership to join a credit union. All individuals must share a common bond with one another either in a single group, a multiple group or a community credit union. There are three types of common bonds. 1) *Work-related*: If your employer belongs to a credit union, you should be eligible to join. 2) *Mutual interest*: Your house of worship or local community group may

have started or may belong to a credit union you can join. 3) *Where you live*: Your neighborhood or county may have established a community credit union for all people living within your geographic area.

Credit unions operate under Federal or state laws. Many offer a variety of services such as share (savings) accounts, share draft (checking) accounts, the ETASM — Electronic Transfer Account and ATM cards. Accounts in credit unions are insured. Most credit unions have their accounts insured by the Federal government. Some state-chartered credit unions have private insurance.

Currency

Paper money, such as 1-, 5-, 10- or 20-dollar bills.

Debit Card

A plastic card sometimes called a “Check Card” that looks like a credit card and is embedded with a magnetic strip. With a debit card you can make deposits to, or withdrawals from, your checking account at ATMs, or pay for goods and services at stores and other businesses. You can also make withdrawals from your ETASM—Electronic Transfer Account. Some debit card transactions require a Personal Identification Number (PIN), and the money comes out of your account immediately.

Denomination

The face value of paper money, such as \$1, \$5 and \$10.

Deposit

Cash or checks you add to your checking or savings account. Also, the act of adding money to your checking or savings account.

Deposit Account

An account (checking, share draft, savings or ETASM—Electronic Transfer Account) at a financial institution to which you or your Federal Government paying agency can add money.

Deposit Slips

Forms, provided by your financial institution, that you fill out to add money to your account. They include information about you (your name, address and account number), and the checks, currency and coins you wish to add to your savings or checking account.

Direct Deposit

The automatic deposit of your salary, government benefit or other payment into your checking, share draft or savings account, or ETASM—Electronic Transfer Account.

Direct Payment

Automatic withdrawals from your checking or savings account to pay bills or for other payments. Also called automatic payment.

Dividends

A term credit unions use for interest earned on accounts.

Electronic Account

The account lets you deal with your financial institution by using a personal computer or the Internet.

Electronic Banking

See definition for Electronic Funds Transfer (EFT).

Electronic Funds Transfer (EFT)

EFT, the transfer of funds by electronic means, includes Direct Deposit, Fedwire, debit card, Automated Teller Machine (ATM), and Point-Of-Sale (POS) transactions.

Electronic Transactions

Deposits to your checking or savings account or ETASM — Electronic Transfer Account — through Direct Deposit, ATM or automatic withdrawals from your account to pay bills.

Electronic Transfer Account (ETASM)

A low-cost, federally insured account designed by the U.S. Department of the Treasury and offered at participating banks, savings and loans, and credit unions to receive Federal benefits and payments electronically.

Endorse

To sign the back of a check made out to you so that it can be cashed.

Endorsement

Information added to the back of a check so that it may be cashed by the person or business to whom the check is written.

Federal Deposit Insurance

Insurance for money deposited in financial institutions displaying the logo of the Federal Deposit Insurance Corporation or National Credit Union Administration. Funds are protected from loss up to \$100,000 per account.

Federal Deposit Insurance Corporation (FDIC)

Federal government agency that provides federal deposit insurance for member banks, and savings and loan associations. Member institutions must display the FDIC logo. In general, accounts are insured for up to \$100,000 per account. If you have questions about FDIC insurance or problems with an FDIC-supervised institution, call 1-800-934-3342.

Fees

Money charged by financial institutions for various services.

Financial Institutions

Businesses, including banks, savings and loans, and credit unions, that provide services such as checking accounts, savings accounts, ETAsSM — Electronic Transfer Accounts, loans and more.

Financial Management Software

Computer software that allows you to track your account activity using a computer.

Hold

Checks you deposit in your account may be held until the funds clear and may not be available for one, two or five business days from the day of deposit. See fact sheets *Frequently Asked Questions* or *Using Deposit Accounts* for more detailed information about holds.

Increments

ATMs may tell you that your withdrawal must be in increments of 20 dollars. That means the machine has only 20-dollar bills, so you must request \$20, \$40, \$60, etc.

Interest

Money you earn on funds in a savings account and on certain checking accounts.

Interest Checking Account

A type of checking account that pays interest and lets you write as many checks as you want. There are usually minimum balance requirements on these accounts. Sometimes called now accounts.

Interest Rate

Financial institutions pay you for funds you deposit in savings accounts and certain checking accounts. The money they pay you is called interest, or dividends for credit unions. The interest rate is the percentage, usually stated as an Annual Percentage Yield (APY), they will pay. For example, a \$100 deposit in a savings account earning 5% APY would earn \$5 after one year.

Minimum Balance Requirements

Some checking, share draft or savings accounts require that you keep a certain amount of money (a minimum balance) in your account to avoid paying an account fee.

Money Orders

Similar to checks, they're used for paying bills or making purchases in cases where cash is not acceptable. Many businesses sell money orders for a fee.

Mortgage

A special type of long-term loan used to borrow money for a house.

National Credit Union Administration (NCUA)

The Federal agency that regulates and provides deposit insurance for Federal credit unions. Accounts are insured at federally insured credit unions for up to \$100,000 per account.

No Frills Checking Account

A basic checking account that usually allows a limited number of deposits and withdrawals for a minimum fee.

Outstanding Transaction

A check or withdrawal that has not yet been taken from (or a deposit that has not yet been added to) your account, or has not yet shown up on your account statement.

Overdraft Protection

A service that helps you avoid bouncing a check by providing a line of credit.

Passbook Account

A type of savings account that uses a booklet, called a passbook, to keep track of transactions — deposits, withdrawals, interest earned and fees.

Penalty

A fee you pay for taking money out of a CD or Share Certificate before the agreed upon time.

Personal Computer Software

Software provided by your financial institution that lets you access your account using a personal computer. You must have a modem and telephone access.

Personal Identification Number (PIN)

Your own special password or set of numbers for using ATM or debit cards.

Phone Banking

Lets you use a telephone to access your accounts.

Point of Sale (POS) Terminals

Machines located at grocery stores and other businesses which accept ATM or debit cards for purchases.

Point of Sale (POS) Transfers

Transactions carried out using POS terminals.

Postdating

The ill-advised practice of writing a check without having the money in your account and writing a future date on the check.

Regular Checking Account

A type of checking account that does not pay interest and lets you write checks to make payments.

Safe Deposit Box

A secure place for keeping important documents and other valuables within a financial institution. Financial institutions charge a fee for safe deposit boxes.

Savings Account

Accounts, available from financial institutions, where you deposit your money for safekeeping. Money in a savings account usually earns interest.

Savings Account Register

A booklet used to keep track of transactions — deposits, withdrawals, interest earned and fees for statement savings accounts.

Savings & Loan Associations (S&Ls)

Financial institutions similar to banks. Federally insured S&Ls display the logo of the FDIC.

Service Charges

Fees you pay to financial institutions for processing transactions and maintaining your account.

Share Accounts

Savings accounts offered by credit unions.

Share Certificates

Certificates of Deposit (CDs) offered by credit unions.

Share Draft Accounts

Checking accounts offered by credit unions.

Signature Card

A form you complete and sign when opening an account. The signature you provide may be used to verify your signature on checks and withdrawals. Signing the signature card means you accept the fees, terms and conditions of the account.

Smart Cards

Plastic cards with computer chips that can be used to make purchases. They can only be used for mass transit or telephone calls.

Special Purpose Account

Same as a club account.

Starter Checks

Checks (usually five or six) provided to you by your financial institution when you first open a checking or share draft account to use until your preprinted checks arrive.

Statement

A document you receive from your financial institution on a regular basis (monthly or quarterly) that provides details about deposits, withdrawals, checks, service charges, fees and interest earned for the previous month or three months.

Statement Closing Date

The last date for which transactions are included on your statement.

Statement Savings Account

A type of savings account that includes a statement which you will get, usually quarterly, listing all transactions since your last statement — deposits, withdrawals, interest earned and fees charged.

Teller

Employee at a financial institution you see to make deposits and withdrawals, cash checks, or do other business with your institution.

Teller's Check

Similar to a money order, but provided by financial institutions instead of other businesses.

Terminals

Computer-like machines that make it possible to use ATM and debit cards at locations far from your financial institution.

Transaction

The movement of money, including deposits and withdrawals from your account, and the exchange of money for goods and services.

Transaction Fees

Fees you pay to financial institutions for processing transactions.

United States Savings Bonds

Certificates you buy from the Federal government for long-term savings. You lend your money to the government and receive interest. Savings Bonds are not insured, but are backed by the full faith and credit of the U.S. government.

Web Banking

Banking that involves using a personal computer and the Internet to access your account.

Wire Transfer

Electronic transfer of money, for a fee, that can be sent to people inside and outside of the United States.

Withdrawal

Taking money out of your account, whether in person or through an ATM or debit card.

Withdrawal Slip

Form used to take money from your account in person at your financial institution.

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AARP
American Bankers Association
Call For Action, Inc.
Consumer Information Center
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Debt Counselors of America
Federal Deposit Insurance Corporation
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